

A copy of this Prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of The Companies Act, 1934, as amended.

NEW ISSUE

JUN 2-1952

\$6,000,000

IRVING OIL COMPANY, LIMITED

(Incorporated under the laws of Canada)

5¼% Sinking Fund Debentures, Series A

To be dated May 31, 1952

To mature May 31, 1967

Principal and half-yearly interest (May 31 and November 30) and redemption premium, if any, payable in lawful money of Canada at any branch in Canada (Yukon territory excepted) of the Company's bankers. Coupon debentures in denominations of \$500 and \$1,000 registerable as to principal only and fully registered debentures in denominations of \$1,000 and authorized multiples thereof. Redeemable in whole at any time or in part from time to time on not less than thirty days' prior notice at the option of the Company, or for sinking fund purposes, at the principal amount thereof plus a premium of 5% thereof if redeemed on or before May 31, 1953, the said premium being thereafter reduced by .35 of 1% for each year or fraction thereof elapsed from such date to the date fixed for redemption up to and including May 31, 1966, and thereafter and prior to maturity at the principal amount thereof; in each case with accrued interest to the date fixed for redemption.

The Company will covenant in the Trust Indenture to establish a sinking fund for the retirement of the Series A Debentures and so long as any of the Series A Debentures are outstanding to pay into such sinking fund on May 31 in each of the years 1953 to 1966 both inclusive, a fixed sinking fund payment of \$400,000. Such sinking fund payments and the payment of an additional \$400,000 on maturity will provide for the retirement of the Series A Debentures in full. The Company is to be entitled at any time to anticipate its sinking fund obligations and may satisfy any such sinking fund obligations in whole or in part by delivering to the Trustee Series A Debentures purchased in the open market or by private contract to be taken at the principal amount thereof.

Trustee: The Eastern Trust Company

Capitalization

(Note 2)

(upon completion of the present financing)

	Authorized	To be Outstanding
Debentures.....	(1)	
Series A 5¼% due May 31, 1967.....		\$6,000,000
Common shares, no par value.....	50,000 shares	46,000 shares

- (1) The Trust Indenture under which the Series A Debentures are to be issued will provide that, except as specified in paragraph (f) of the subjoined Statutory Information, the aggregate funded obligations of the Company and its subsidiaries (as to be defined in the Trust Indenture) outstanding at any one time shall not exceed \$12,000,000 principal amount so long as any of the Series A Debentures are outstanding. Subject to the limitations and other restrictions to be contained in the Trust Indenture, additional Debentures or other funded obligations may be issued.
- (2) Under the Letters Patent incorporating the Company, part of its authorized share capital consisted of 10,000 Preferred Shares of the par value of \$50 each. All of such Preferred Shares were issued but have since been purchased or called for redemption and redeemed or the funds for redemption provided. Such Preferred Shares are, therefore, not treated as part of the authorized capital of the Company for purposes of this prospectus.

In the opinion of Counsel these Debentures will be investments in which The Canadian and British Insurance Companies Act (1932), as amended, states that companies registered under Part III thereof may, without availing themselves for that purpose of the provisions of subsection (4) of section 60 of the said Act, invest their funds.

We, as principals, offer the Series A Debentures if, as and when issued and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. Tory, Miller, Thomson, Hicks, Arnold & Sedgewick, Toronto, and on behalf of the Company by Messrs. Porter & Ritchie, Ritchie, McKelvey & Mackay, Saint John, N.B.

PRICE: 100 and accrued interest to yield 5¼%

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that Debentures in interim form, exchangeable for definitive Debentures when available, will be ready for delivery on or about June 17, 1952.

McLEOD, YOUNG, WEIR & COMPANY LIMITED

50 King Street West Toronto Empire 4-0161 276 St. James St. W. Montreal Harbour 4261 Hamilton 8-1419 Ottawa 2-1777 London 4-1636 Winnipeg 928-297



Mr. K. C. Irving, President and Managing Director of Irving Oil Company, Limited, has supplied the following information in connection with the sale of this issue of Debentures.

### The Company

Irving Oil Company, Limited, a holding and operating company with head office in Saint John, New Brunswick, was incorporated under the laws of Canada on February 9, 1929. It is a major distributor of refined petroleum products in the Maritime provinces and accounts for over 30% of the total sales of automotive gasoline and light heating oils in that area. In addition, through the medium of wholly-owned subsidiaries, it has a growing and important petroleum distribution business in the Province of Quebec.

The marketing of Irving gasoline and motor lubricants is handled through more than 1,100 retail outlets, of which approximately 300 are owned and about 90 are held by the Company under lease. The remaining outlets are independently owned, many of them operating under long term agreements to sell the products of the Company.

Gasoline is sold under the brand names of "Irving" and "Irving Ethyl," and the top grade motor oil under the brand name "Velco." In addition to handling a complete line of motor and industrial oils, greases and other allied products, the organization is a leading distributor of furnace fuel oil, diesel oil, stove oil and kerosene. For the marketing and distribution of its products, the organization owns and operates approximately 300 motor vehicles.

During 1951, sales by the Company of gasoline, fuel oil, stove oil, kerosene and lubricating oil aggregated over 90,000,000 gallons.

### GROWTH IN MARKET

A continued growth in sales is anticipated, particularly in the Province of Quebec, which market the Company entered in 1949. The business in the Province of Quebec is carried on through Les Petroles Inc., and Irving Oil Inc. wholly-owned subsidiaries of Irving Steamships, Limited which in turn is a wholly-owned subsidiary of Irving Oil Company, Limited. Entrance of the Company into this market was decided upon as offering greater possibilities of growth, in view of the large percentage of business already enjoyed in the Maritimes. At present, operations in Quebec are carried on in the Gaspé peninsula, along the St. Lawrence River as far west as Three Rivers and in the Eastern Townships section of the province. The widening of the market to include Quebec has been fully justified, as sales of petroleum products in that Province already have increased to a point where operations are now on a profitable basis.

Sales of petroleum products in the Quebec division in 1951 were in excess of 17,000,000 gallons. Currently the volume is running at the rate of approximately 2,000,000 gallons a month, and it is anticipated that 1952 Quebec sales will total about 25,000,000 gallons.

### SOURCE OF PETROLEUM SUPPLY

The organization has long term contracts with major refiners in Canada and the United States for the supply of petroleum products.

### BULK STORAGE PLANTS

The retail outlets are supplied with petroleum products from bulk storage plants, the principal ones being located at Halifax and Saint John in the Maritime provinces, and at Quebec City and Three Rivers in the Province of Quebec, with smaller bulk plants strategically located throughout the territory. Bulk storage capacity is approximately 51,000,000 gallons, represented by 54 bulk plants, of which 41 can be serviced by water, 29 by water and rail, and 13 by rail only. These plants are located on property owned by the Company, with the exception of a few units situated on railway property and the plant at Saint John which is located partially on Federal Government property. A map indicating the locations of bulk storage plants is included on page 7.

### WATER-BORNE TRAFFIC

A large volume of Irving petroleum products sold in the Maritimes and Quebec is delivered to bulk storage plants by water transport. The water-borne traffic is handled almost entirely by tankers owned by Irving Steamships, Limited or other subsidiaries of the Company. These vessels, when not so employed, are put on time charter. The following is a list of the tankers, with their capacities and the names of their corporate owners:

"Irvingdale," by Brunswick Motors, Limited.....	2,200,000 gallons
"Nipiwana Park," by Kent Line, Limited.....	900,000 "
"Seekonk," by Newfoundland Tankers Limited.....	420,000 "
"Otterhound," by Irving Steamships, Limited.....	285,000 "
"Mollie G," by Irving Steamships, Limited.....	85,000 "

The operation of the tankers has been, and is expected to continue to be, profitable. All vessels are covered by insurance.

### OTHER WHOLLY-OWNED SUBSIDIARIES

In addition to Irving Steamships, Limited, the Company has two other wholly-owned subsidiaries, General Realty Company, Limited and North End Service Stations Limited. The former owns the Golden Ball Garage, a 5-storey garage building in Saint John, which is occupied by the Company and certain of its subsidiaries, while the latter owns two service stations in Saint John.



## Purpose of Issue

The present financing is being undertaken to liquidate the bank loan of the Company which amounted to \$3,830,000 as at January 31, 1952. The balance of the proceeds will provide cash for the Company's operations. After giving effect to this financing, the subjoined pro forma consolidated balance sheet shows the Company and its wholly-owned subsidiaries with a cash position of \$2,009,887, bank loans of \$2,534,000 and working capital of \$3,077,980.

Since 1949 the Company has expended in excess of \$5,000,000 in connection with the expansion of its business, of which amount approximately \$2,500,000 was expended in developing the Quebec market. These expenditures were financed initially from the working capital of the Company and through an increase in the bank loan normally carried to finance current operations.

Bank loans of the Company usually are at their peak in January after the close of navigation because of inventories having been built up at water terminals for sale during the winter months.

## Investment Portfolio

In addition to distributing and marketing petroleum products, as part of its business and through its wholly-owned subsidiary companies, Irving Oil Company, Limited has an investment of over \$4,000,000 in partly-owned subsidiary companies. This investment is represented by the ownership of 99.25% of the capital stock of United Sales, Limited, 97% of the capital stock of Canada Veneers, Limited and 86.3% of the capital stock of Eastern Oil and Service Stations Limited. United Sales, Limited is a holding company which owns outright or controls a number of subsidiaries engaged in merchandising motor vehicles and accessories, tires, batteries, oil burners, appliances, builders supplies, hardware and other products in the Maritime and Quebec markets.

Based on their examination of the audited statements of the partly-owned subsidiary companies, the auditors of the Company have calculated that for the twelve months ended December 31, 1951, the share of the Company in the aggregate earnings of these partly-owned subsidiary companies before depreciation, interest and taxes on income amounted to \$2,320,512 and to \$771,110 after all charges, including taxes on income.

The policy of the management of Irving Oil Company, Limited has been and is to leave the earnings in these partly-owned subsidiary companies in order to finance their expanding operations. No dividends have been paid to Irving Oil Company, Limited or to any of its wholly-owned subsidiaries by any of these partly-owned subsidiary companies.

The operating companies controlled by United Sales, Limited, directly and indirectly, other than Brunswick Motors, Limited and Terminal Realities, Limited may be divided into two categories:

1. Those companies which are engaged in the sale of hardware, automobile accessories, appliances and equipment.
2. Those companies which have agencies for motor cars and trucks.

Brunswick Motors, Limited of Saint John, owns and operates the oil tanker "Irvingdale" with a deadweight tonnage of 10,931 long tons, and Terminal Realities, Limited owns an hotel property in Moncton, N.B. Each of these companies is wholly-owned by United Sales, Limited.

### HARDWARE, AUTOMOBILE ACCESSORIES, APPLIANCES AND EQUIPMENT:

This group of companies comprises Commercial Equipment, Limited and six subsidiary companies:—Commercial Equipment Inc., W. H. Thorne & Company, Limited, The Chinic Hardware Company, J. J. Snook, Limited, Lewis Bros. Limited and Lewis Bros. Hardware Limited.

Commercial Equipment, Limited has stores and warehouses in Saint John, Moncton, Halifax and Sydney and wholesales machinery and machinery supplies, appliances, tires and automotive accessories and equipment. It also holds Maritime distributorships for many nationally-known lines. Commercial Equipment Inc. has recently been incorporated and handles a line of products in the Province of Quebec comparable to the lines handled by Commercial Equipment, Limited. W. H. Thorne & Company, Limited operates a wholesale and retail hardware and builders' supply business in Saint John. The Chinic Hardware Company operates one wholesale and two retail hardware establishments in Quebec City. J. J. Snook, Limited operates a wholesale automobile accessory business in Truro, N.S., Lewis Bros. Limited a wholesale hardware business in Montreal and Lewis Bros. Hardware Limited a wholesale hardware business in Toronto.

The service stations and the numerous other outlets of the organization which sell automobile accessories, tires, batteries, radios and equipment purchase these items from Commercial Equipment, Limited.

### MOTOR CAR AGENCIES:

The following four companies have automobile agencies and carry a complete line of automobile accessories and equipment:—Universal Sales (N.S.) Limited, located in Halifax, and Wood Motors, Limited in Fredericton, N.B. have the agency for Ford and Monarch cars and trucks; Union Sales, Limited, Amherst, N.S., has the agency for Chrysler and Plymouth cars and Fargo trucks, and Universal Sales, Limited, Saint John, the agency for Meteor, Mercury and Lincoln cars.

### OTHER INVESTMENTS OF THE COMPANY:

Irving Oil Company, Limited owns a 97% interest in Canada Veneers, Limited the plant of which was formerly located at Saint John and is now located at Pembroke, Ontario. Operations at Saint John ceased in 1948 due to an inadequate supply of veneer logs but were resumed at Pembroke in November, 1951.

Kent Line, Limited, 78.9% of the capital stock of which company is owned by Canada Veneers, Limited and Brunswick Motors, Limited, owns and operates the tanker "Nipiwank" having a deadweight tonnage of 3,429 long tons, and the cargo vessel "Rexton Kent" of 804 long tons deadweight capacity, which operate under charter. A new cargo vessel "Irvingwood" of 3,430 long tons deadweight capacity is expected to be put into service by mid-1952.



Eastern Oil and Service Stations Limited owns service stations in Nova Scotia. Irving Oil Company, Limited and Irving Steamships, Limited own 86.3% of the capital stock of this company.

A corporation chart of Irving Oil Company, Limited showing the common share ownerships of subsidiary companies is included on page 8 hereof. With one exception, the covenants to be contained in the Trust Indenture will not extend to the companies listed on such chart under the heading "Investment Portfolio" nor to any future subsidiaries of such companies. In this connection reference is made to paragraph (f) of the subjoined Statutory Information.

### Earnings

The following report has been received from Messrs. P. S. Ross & Sons with respect to earnings of Irving Oil Company, Limited and its wholly-owned subsidiaries.

## Irving Oil Company, Limited and its wholly-owned subsidiary companies Statement of Consolidated Earnings for the 10 years ended January 31, 1952

Fiscal year ended January 31	Consolidated Earnings before depreciation, interest and taxes on income	Provision for depreciation Note (3)	Consolidated Earnings before interest and taxes on income	Interest on subsidiary companies' indebtedness	Taxes on income of subsidiary companies Note (4)	Consolidated Earnings before interest and taxes on income of parent company	Interest on parent company's indebtedness	Taxes on income of parent company Note (4)	Consolidated Net Earnings
1943....	\$ 765,595	\$288,681	\$ 476,914	—	\$ 46,517	\$ 430,397	\$ 14,436	\$147,657	\$ 268,304
1944....	905,426	291,983	613,443	—	35,170	578,273	14,842	192,531	370,900
1945....	965,183	291,882	673,301	—	42,413	630,888	11,049	242,673	377,166
1946....	1,068,892	283,299	785,593	\$ 2,487	51,988	731,118	10,970	268,855	451,293
1947....	1,431,130	410,998	1,020,132	—	65,691	954,441	15,891	420,210	518,340
1948....	1,908,687	578,005	1,330,682	—	57,154	1,273,528	18,165	512,273	743,090
1949....	1,893,632	603,992	1,289,640	—	68,841	1,220,799	116,551	339,400	764,848
1950....	2,019,930	497,566	1,522,364	42,837	69,874	1,409,653	101,371	435,337	872,945
1951....	2,710,775	808,035	1,902,740	90,912	98,653	1,713,175	134,730	576,899	1,001,546
1952....	2,709,225	916,313	1,792,912	160,084	169,131	1,463,697	197,730	479,985	785,982

**Note No. 1:**

Interest receivable on mortgage and loan balances and on advances due to and from parent and subsidiary companies is not accrued in the accounts from period to period. Consolidated earnings include the operating results in all of the foregoing periods for one subsidiary acquired in February 1948 and for three subsidiaries for the period subsequent to their incorporation in 1949 and 1950.

**Note No. 2:**

In addition to the amounts allocated between years in the above summary of consolidated net earnings there were the following credits and charges of non-recurring nature included:

**CREDITS IN EARNED SURPLUS:**

Profit and Loss on Investments and Other Assets;  
Excess of Insurance Recovery over book value of vessel lost: 1951—\$200,000.

**CHARGES TO EARNED SURPLUS:**

Fire Damage Claim and expenses charged in 1950—\$22,248 and 1952—\$126,523;  
Dividends on Preferred Shares (redeemed in 1947) of Irving Oil Company, Limited:  
1943—\$16,272; 1944—\$16,272; 1945—\$16,272; 1946—\$16,272; 1947—\$16,272; 1948—\$10,567.

**CREDITS IN EARNINGS:**

Reversal of Inventory Reserves claimed during the War Period under Excess Profits Tax Act, less taxes paid thereon:  
1944—\$6,280; 1945—(Dr.) \$36,456; 1946—\$2,135; 1947—\$26,734; 1948—\$182,435.

**Note No. 3:**

The provisions for depreciation, made by the various companies, are calculated on the basis of the values for the assets and at the rates allowed under tax regulations, including the use of the "diminishing balance" method for the period subsequent to January 31, 1949.

**Note No. 4:**

All companies have been assessed under the Income and Excess Profits Tax Acts up to the 1949 period and any adjustments in connection therewith have been applied to the respective periods affected. Subsequent provisions for income taxes have been calculated on the same basis of assessment and in accordance with our interpretation of the current regulations of the 1949 Income Tax Act and Amendments.

To the Directors,  
Irving Oil Company, Limited,  
Saint John, N.B.

We have examined the books and records of Irving Oil Company, Limited and one of its wholly-owned subsidiary companies for the ten years ended January 31, 1952. We were furnished with auditors' reports for the other wholly-owned subsidiary companies included herein.

We report that, in our opinion, based on the foregoing examination and the audited statements referred to, the above summary of the consolidated net earnings of Irving Oil Company, Limited and its wholly-owned subsidiary companies for the period of ten years ended January 31, 1952, when read in conjunction with the footnotes thereto, fairly present the combined earnings of the companies for such periods.

(Signed) P. S. ROSS & SONS,  
Chartered Accountants.

May 26, 1952.

According to the above statement of consolidated earnings of Irving Oil Company, Limited and its wholly-owned subsidiaries, consolidated earnings before interest and taxes on income of the parent company averaged \$1,040,596 annually for the ten years ended January 31, 1952 and \$1,416,170 for the five years ended January 31, 1952. The maximum annual interest requirements on the \$6,000,000 principal amount of 5¼% Sinking Fund Debentures, Series A, to be presently issued will be \$315,000.



### Balance Sheet Figures

The Consolidated Balance Sheet of Irving Oil Company, Limited and its wholly-owned subsidiaries as at January 31, 1952 shows an investment in fixed assets of \$14,339,348, against which there is set up a depreciation reserve of \$6,616,219, leaving fixed assets with a net book value of \$7,723,129.

The pro forma Consolidated Balance Sheet of Irving Oil Company, Limited and its wholly-owned subsidiary companies as at January 31, 1952, after giving effect to the present financing, shows the following net tangible assets position:

Current Assets.....	\$ 9,362,061	
Less Current Liabilities.....	6,284,081	
Net Current Assets.....		\$ 3,077,980
Total Fixed Assets.....	\$14,339,348	
Less Reserve for Depreciation.....	6,616,219	
Net Fixed Assets.....		7,723,129
Sales Agreement Balances, Mortgages and Loans.....	\$ 1,658,224	
Investments.....	4,084,535	
	\$ 5,742,759	
Less Reserve for Mortgages and Loans.....	253,884	5,488,875
LESS:		\$16,289,984
Bonds and other capital obligations of subsidiaries.....	\$ 668,000	
Advances from affiliated companies and partly-owned subsidiary companies.....	1,078,605	\$ 1,746,605
Net Tangible Assets.....		\$14,543,379
Per \$1,000 Series A Debenture .....		\$ 2,423

### Management

The business now carried on by Irving Oil Company, Limited was established originally in 1924 by Mr. K. C. Irving, who has directed its growth and development over the years. The Secretary-Treasurer, Mr. E. C. Hodgins, has been associated with Mr. Irving in an executive capacity for over 21 years. Mr. K. B. Reed, a Director, is in charge of operations and has been with the Company since 1928. Mr. David H. Allan, a director of United Sales, Limited and President of Commercial Equipment, Limited, directs the affairs of the latter company and its subsidiaries. The various companies controlled directly and indirectly by the Company are under the management of capable men who have been thoroughly trained and have a complete knowledge of their particular operation. Each of these companies functions under and in conformity with the basic policies of the Board of Directors of the Company. The same management which has been responsible for the successful operation of the organization will continue to actively direct its affairs.

### Certain Provisions of the Trust Indenture

The Series A Debentures will, in the opinion of Counsel, be direct obligations of the Company but will not be secured by any mortgage or other charge and will be issued pursuant to a Trust Indenture to be entered into between the Company and The Eastern Trust Company, as Trustee, to be dated as of May 31, 1952. The Trust Indenture will contain, among other provisions, covenants to the following effect:

That so long as any of the Series A Debentures remain outstanding:

- A. Neither the Company nor any subsidiary (as to be defined) will mortgage, hypothecate, charge or pledge any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations without also at such time securing by such mortgage, hypothecation, charge or pledge such of the Series A Debentures as shall then be outstanding so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided, however, that this covenant shall not apply in respect of current obligations secured on other than fixed assets and incurred in the ordinary course of business.
- B. The Company will not issue or be or become liable on any funded obligations, unless
  - (a) the consolidated net tangible assets (as to be defined) of the Company and its subsidiary companies (after making due provision for minority interests, if any) plus the proceeds of the funded obligations then proposed to be issued shall be at least equal to two and one-half times the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (b) the consolidated net current assets (as to be defined) of the Company and its subsidiary companies (after making such provision, if any, for minority interests, as in the opinion of the Company's auditors may be appropriate) plus the proceeds of the funded obligations then proposed to be issued, shall be at least equal to seventy-five per cent (75%) of the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (c) the average annual consolidated net earnings (as to be defined) of the Company and its subsidiary companies (after making due provision for minority interests, if any) for the two immediately preceding fiscal years shall have been not less than five times the amount required to meet the annual interest on all funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (d) the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue will not exceed Twelve million dollars (\$12,000,000).
- C. The Company will not permit any subsidiary company (as to be defined) to issue (except to the Company or to a wholly-owned subsidiary company) or be or become liable on:
  - (a) any funded obligations;
  - (b) any shares ranking prior to any shares in any such subsidiary held directly or indirectly by the Company or any shares in any such subsidiary whereby the Company's interest therein would be diluted.
- D. The Company will not permit any subsidiary affiliated company (as to be defined) to guarantee or be or become liable on the obligations of any other company except in the ordinary course of the business of



such affiliated company or to issue any obligations for borrowed money other than unsecured obligations issued on the general credit of such subsidiary affiliated company or obligations secured only by the assets of such subsidiary affiliated company, no part of the principal of or interest on which secured or unsecured obligations is guaranteed by any other person or corporation.

- E. The Company will not issue any additional funded obligations in respect of which it is obliged to set aside or provide funds for retirement in any year prior to May 31, 1967 (by maturities, serial or otherwise, and/or by sinking fund) amounting in the aggregate to more than  $\frac{1}{8}$ th of the aggregate principal amount of such additional funded obligations proposed to be issued unless the sinking fund payment for that year for the Series A Debentures is increased so as to aggregate at least the same proportion of the total principal amount of the Series A Debentures certified and delivered as the aggregate of the funds set aside or provided for such purposes in respect of such additional funded obligations in such year bears to the total principal amount of such additional funded obligations certified and delivered.
- F. The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on, or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on or for the purchase, redemption or other retirement of or make any other distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of the Company unless, immediately after giving effect to such action, the consolidated net current assets of the Company and its subsidiary companies will be not less than seven million dollars (\$7,000,000) or one hundred and fifty per cent (150%) of the funded obligations of the Company and its subsidiaries then outstanding, whichever is the lesser.
- G. The Company will not, nor will it permit any subsidiary company to purchase, or invest in, any shares in the capital stock, or obligations of, or make any loan or advance to, any company, other than a subsidiary company, if, after the making of such purchase, investment, loan or advance, the aggregate investment of the Company and its subsidiaries in such class of investments would exceed \$4,500,000. Provided, however, that nothing in this section contained shall preclude the Company or a subsidiary company from extending financial assistance to a customer for the purpose of furthering the business of the Company or a subsidiary company.
- H. The aggregate proceeds in excess of two hundred and fifty thousand dollars (\$250,000) per annum received by the Company and its subsidiaries during any fiscal period of the Company, from any sale or other disposition of fixed assets or shares held in any subsidiary company shall be deposited with the Trustee not later than twelve (12) months after the end of such fiscal period of the Company to be used in purchasing Series A Debentures for cancellation or retiring Series A Debentures by call for redemption as to be provided in the Trust Indenture; provided, however, that for the purposes of determining the obligation of the Company and its subsidiaries hereunder there may be deducted from such excess the aggregate cost of additional fixed assets or shares in any other company carrying on a business capable of being conducted so as to benefit the Company or any of its subsidiary companies, acquired or contracted for between the commencement of such fiscal period and the date of such required deposit, if such costs have not been taken into account in determining the obligation of the Company and its subsidiary companies hereunder in respect of any previous fiscal period; and provided further, that the obligation of the Company and its subsidiaries hereunder shall be in addition to the Company's sinking fund obligations.
- I. The Company will not, nor will it permit any subsidiary company to sell or otherwise dispose of any funded obligations owing from any subsidiary company or any shares in a subsidiary company except to any wholly-owned subsidiary company or the Company, as the case may be; provided, however, that all shares of capital stock of all classes, together with all funded obligations of any subsidiary company owned by the Company and/or any of its subsidiary companies, may be sold as an entirety for their fair value in cash if the subsidiary whose shares of capital stock and funded obligations are so sold does not own any shares of capital stock or any funded obligations of any other subsidiary company not being simultaneously disposed of.

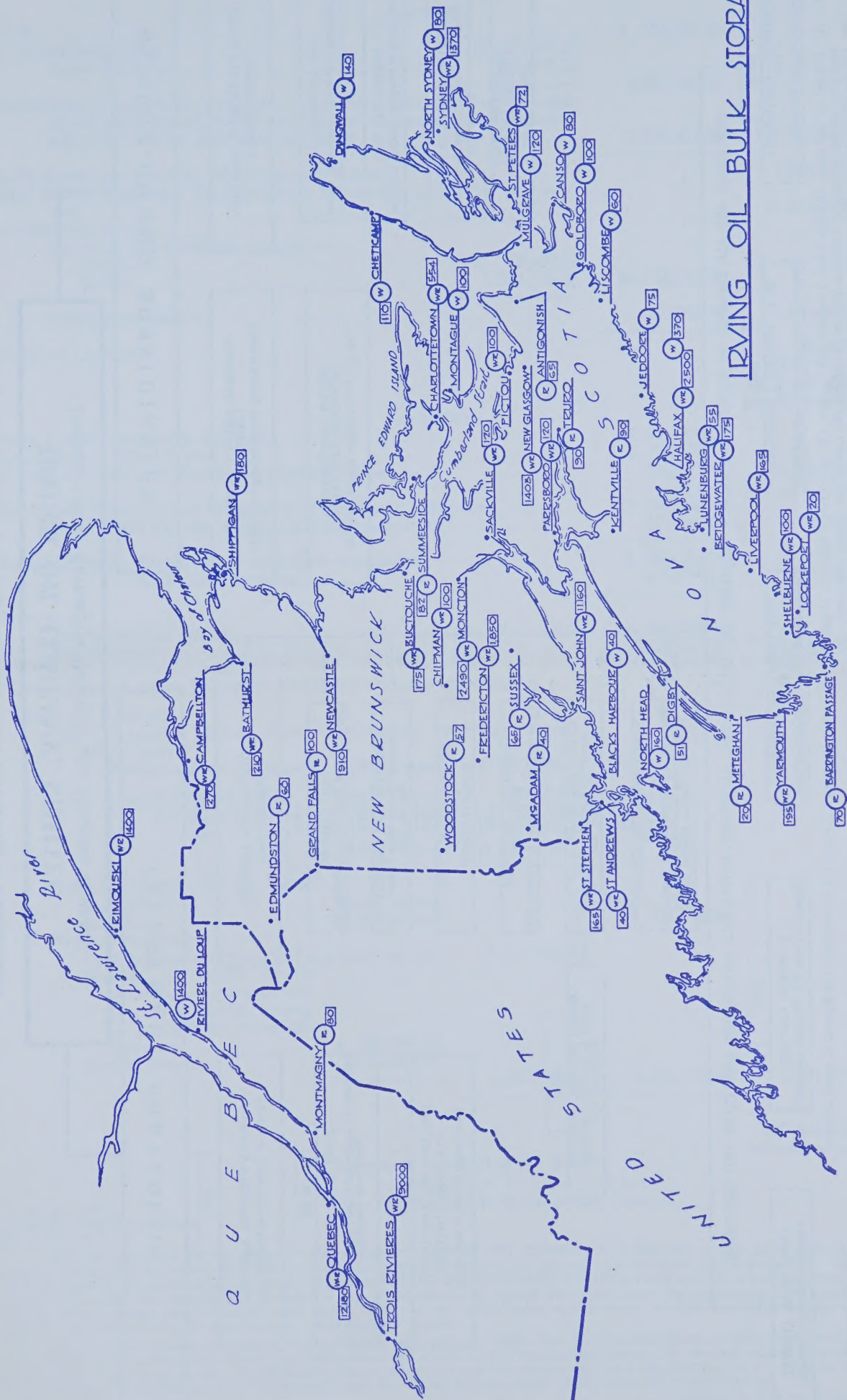
Provided, however, that nothing hereinbefore contained shall prevent the formation by the Company of a new subsidiary company all the issued capital stock of which is and shall be owned by the Company and/or any wholly-owned subsidiary company or companies and the issue by such new subsidiary company of funded obligations, the proceeds of which will be used to construct an oil refinery.

Provided, further, that nothing hereinbefore contained shall prevent the Company or any subsidiary company from

- (i) issuing funded obligations to refund any secured or unsecured funded obligations permitted to be issued in accordance with the foregoing or any funded obligations now outstanding, in each case, to the extent of the principal amount of the funded obligations being refunded which is outstanding at the time of such refunding, or
- (ii) giving purchase money mortgages on property hereafter acquired to secure up to but not exceeding 66 $\frac{2}{3}$ % of the purchase price thereof, or
- (iii) making pledges or deposits under workmen's compensation laws or similar legislation or good faith deposits in connection with bids, tenders, contracts (other than for the borrowing of money or the repayment of money borrowed) or liens to which the Company or such subsidiary is a party, or deposits to secure public or statutory obligations of the Company or such subsidiary, or deposits of cash or obligations of Canada to secure surety and appeal bonds to which the Company or any subsidiary is a party, or
- (iv) incurring liens imposed by law such as carrier's, warehousemen's and vendor's liens and liens arising out of judgments or awards against the Company or any subsidiary with respect to which the Company or such subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a Stay of Execution pending such appeal or proceedings for review, or
- (v) creating or allowing the existence of liens for property taxes not yet subject to penalties for non-payment or minor survey exceptions or minor encumbrances including rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes or zoning or other restrictions as to the use of real properties which liens, exceptions, encumbrances, rights of way and restrictions do not in the opinion of the Company in the aggregate materially detract from the value of the said properties or materially impair their use in the operation of the business of the Company and its subsidiaries.

The terms "subsidiary company", "subsidiary affiliated company", "consolidated net current assets", "consolidated current assets", "consolidated current liabilities", "consolidated net earnings", "funded obligation", "current obligation", "consolidated net tangible assets" and "obligations" for all purposes of the foregoing will be defined in the Trust Indenture substantially as stated in paragraph (f) of the sub-joined Statutory Information.





# IRVING OIL BULK STORAGE

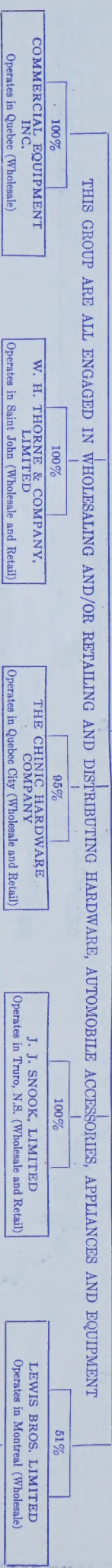
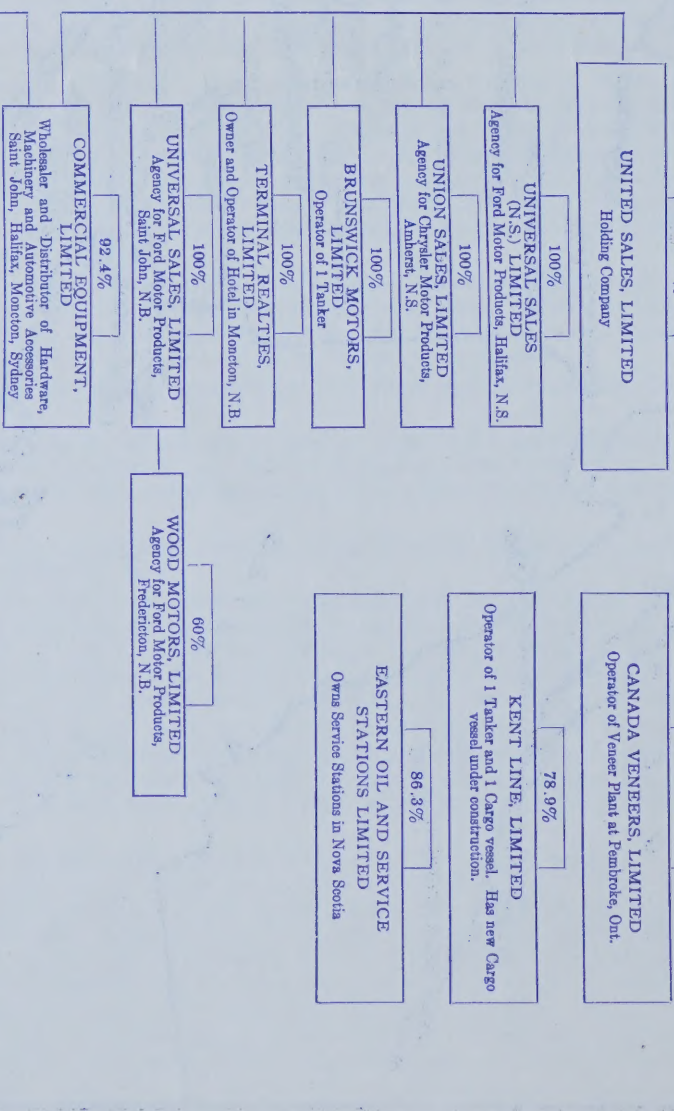
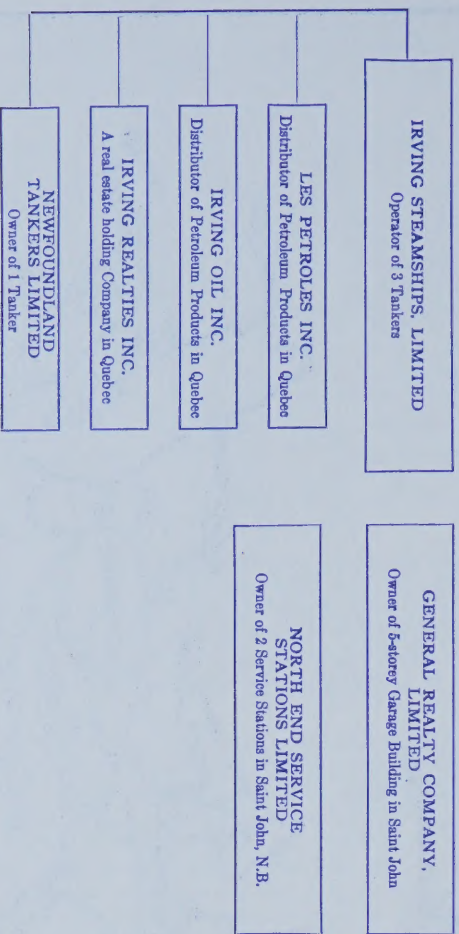


**IRVING OIL COMPANY, LIMITED**  
**Corporation Chart Showing Common Share Ownership of Subsidiaries**

**IRVING OIL COMPANY, LIMITED**  
 DISTRIBUTOR OF PETROLEUM PRODUCTS AND HOLDING COMPANY

**WHOLLY-OWNED SUBSIDIARIES**

**INVESTMENT PORTFOLIO**



**NOTES:** (1) Except in the cases of Kent Line, Limited and Eastern Oil and Service Stations Limited (as to which see Notes (2) and (3) hereunder), the figures in small blocks indicate the percentage of common shares owned by the immediate parent company.  
 (2) Of the 78.9% indicated ownership of Kent Line, Limited, 44.8% is held by Brunswick Motors, Limited and 34.1% by Canada Veneers, Limited.  
 (3) Of the 86.3% indicated ownership of Eastern Oil and Service Stations Limited, 42.5% is held by Irving Oil Company, Limited and 43.8% by Irving Steamships Limited.  
 (4) Not shown on this chart are the following additional subsidiaries which are inactive—Petroleum Transport Inc., wholly-owned by Les Petroles Inc., Eastern Exporting Company, a wholly-owned United States subsidiary of Irving Oil Company, Limited, and U.S.L. Stores Limited, wholly-owned by Commercial Equipment Limited.  
 (5) The covenants to be contained in the Trust Indenture will, with one exception, not extend to the companies shown on this chart under the heading "Investment Portfolio" nor to any future subsidiaries of such companies.



**IRVING OIL COMPANY, LIMITED**  
**and its Wholly-Owned Subsidiary Companies**  
**CONSOLIDATED BALANCE SHEET**  
**As at January 31, 1952**

**Assets**

Cash.....		\$ 134,887.66	
Accounts Receivable.....	\$3,095,290.87		
Less: Reserve.....	267,038.51		
		2,828,252.36	
Inventories of petroleum products, merchandise and supplies, as determined and certified by the management valued on basis of cost or estimated market whichever was lower.....	4,523,921.30		\$ 7,487,061.32
Sales Agreement balances, Mortgages and Loans.....			1,658,223.81
Real Estate, Buildings, Transportation Equipment and Other Assets at cost.....			14,339,348.14
Investments, at cost:			
Partly-owned subsidiary companies—			
Bonds.....	\$ 72,500.00		
Shares.....	3,971,734.31	\$4,044,234.31	
Other Investments.....		40,301.00	4,084,535.31
Deferred Charges.....			78,786.61
			<u>\$27,647,955.19</u>

**Liabilities**

Bank Loans (secured by collateral).....		\$6,364,000.00	
Accounts and Bills Payable.....		3,157,709.10	
Provision for Federal, Provincial and Other Taxes.....		592,371.66	\$10,114,080.76
Bonds and Other Capital Obligations of subsidiary companies.....		\$ 948,000.00	
Less: Held by parent and subsidiary companies.....		280,000.00	668,000.00
Advances from—Partly-owned subsidiary companies.....		\$ 255,538.07	
—Affiliated companies.....		823,066.68	1,078,604.75
Reserve for:			
Mortgages and Loans.....		\$ 253,883.63	
Depreciation.....		6,616,218.81	6,870,102.44
Preferred shares of wholly-owned subsidiary company outstanding.....			10,000.00
Capital and Surplus:			
6% Cumulative Sinking Fund Participating Preferred Shares—			
\$50.00 each—			
Authorized and Issued... 10,000 shares	\$ 500,000.00		
Less: Redeemed to date.. 9,973 shares	498,650.00		
Funds for balance.. 27 shares	1,350.00		
	10,000 shares	\$ 500,000.00	
Common Shares—No Par Value			
Authorized..... 50,000 shares			
Issued..... 46,000 shares		\$ 323,448.85	
Surplus Accounts—			
Capital Surplus re preferred stock redemption	\$ 500,000.00		
Surplus of wholly-owned subsidiaries at acquisition of capital stocks, arising as a result of consolidation.....	\$ 226,785.72		
Earned Surplus.....	7,856,932.67		
		8,083,718.39	8,583,718.39
			<u>8,907,167.24</u>
			<u>\$27,647,955.19</u>

Approved on behalf of the Board:

(Signed) K. C. IRVING, Director

(Signed) E. C. HODGINS, Director

To the Directors,  
Irving Oil Company, Limited,  
Saint John, N.B.

We have examined the consolidated balance sheet of IRVING OIL COMPANY, LIMITED and its wholly-owned subsidiary companies as at January 31, 1952 and have obtained all the information and explanations which we have required. In connection therewith we examined the books and records of IRVING OIL COMPANY, LIMITED and one of its wholly-owned subsidiary companies. Our examination included a test of the accounting records and other supporting evidence of these companies but we did not make a detailed audit of the transactions. In the case of other wholly-owned subsidiaries, the accounts of which were not examined by us, we were furnished with auditors' reports.

Based on such examination and the balance sheets referred to we report that the abovementioned consolidated balance sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the combined position of the company and its wholly-owned subsidiaries as at January 31, 1952 according to the best of our information and the explanations given to us and as shown by the books of the companies which we examined and the audited balance sheets which have been furnished to us.

(Signed) P. S. ROSS & SONS,  
Chartered Accountants.

May 26, 1952.



**IRVING OIL COMPANY, LIMITED**  
**and its Wholly-Owned Subsidiary Companies**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**As at January 31, 1952**

After giving effect as at that date to—

1. The issue and sale for \$5,715,000 of \$6,000,000 principal amount of 5¼% Sinking Fund Debentures, Series A due May 31, 1967.
2. The application of the net proceeds therefrom as to \$3,830,000 in repaying the Company's bank loan and as to \$1,885,000 in increasing the cash funds of the Company.
3. The purchase for cancellation on May 21, 1952 of 10,000 5% Non-Cumulative Preferred Shares of the par value of \$1 each in the capital stock of Les Petroles Inc. by that company at the price of \$10,000. As a result of this purchase, Les Petroles Inc. became a wholly-owned subsidiary of the Company.

Assets			
Cash.....		\$2,009,887.66	
Accounts Receivable.....	\$3,095,290.87		
Less: Reserve.....	267,038.51	2,828,252.36	
Inventories of petroleum products, merchandise and supplies, as determined and certified by the management valued on basis of cost or estimated market whichever was lower.....		4,523,921.30	\$ 9,362,061.32
Sales Agreement balances, Mortgages and Loans.....			1,658,223.81
Real Estate, Buildings, Transportation Equipment and Other Assets at cost.....			14,339,348.14
Investments, at cost:			
Partly-owned subsidiary companies—			
Bonds.....	\$ 72,500.00		
Shares.....	3,971,734.31	\$4,044,234.31	
Other Investments.....		40,301.00	4,084,535.31
Deferred Charges including discount on Debenture issue.....			363,786.61
			<u>\$29,807,955.19</u>
Liabilities			
Bank Loans (secured by collateral).....		\$2,534,000.00	
Accounts and Bills Payable.....		3,157,709.10	
Provision for Federal, Provincial and Other Taxes.....		592,371.66	\$ 6,284,080.76
Bonds and Other Capital Obligations of subsidiary companies.....		\$ 948,000.00	
Less: Held by parent and subsidiary companies.....		280,000.00	668,000.00
Advances from—Partly-owned subsidiary companies.....		\$ 255,538.07	
—Affiliated companies.....		823,066.68	1,078,604.75
Sinking Fund Debentures:			
Authorized—\$12,000,000.00			
Issued—Series A—5¼% due May 31, 1967.....			6,000,000.00
Reserve for:			
Mortgages and Loans.....		\$ 253,883.63	
Depreciation.....		6,616,218.81	6,870,102.44
Capital and Surplus:			
6% Cumulative Sinking Fund Participating Preferred Shares—			
\$50.00 each—			
Authorized and Issued... 10,000 shares	\$ 500,000.00		
Less: Redeemed to date.. 9,973 shares	498,650.00		
Funds for balance.. 27 shares	1,350.00		
	<u>10,000 shares</u>	<u>\$ 500,000.00</u>	
Common Shares—No Par Value			
Authorized..... 50,000 shares			
Issued..... 46,000 shares		\$ 323,448.85	
Surplus Accounts—			
Capital Surplus re preferred stock redemption	\$ 500,000.00		
Surplus of wholly-owned subsidiaries at acquisition of capital stocks, arising as a result of consolidation.....	\$ 226,785.72		
Earned Surplus.....	7,856,932.67	8,083,718.39	8,583,718.39
			<u>8,907,167.24</u>
			<u>\$29,807,955.19</u>

Approved on behalf of the Board:

(Signed) K. C. IRVING, Director  
(Signed) E. C. HODGINS, Director

To the Directors,  
Irving Oil Company, Limited,  
Saint John, N.B.

We have examined the above pro forma consolidated balance sheet of IRVING OIL COMPANY, LIMITED and its wholly-owned subsidiary companies which is based on the consolidated balance sheet as at January 31, 1952 referred to in our report thereon to the Directors.

We report that, in our opinion, the pro forma balance sheet fairly presents the combined financial position of IRVING OIL COMPANY, LIMITED and its wholly-owned subsidiary companies after giving effect as of that date to the transactions set out in the notes referred to above.

May 26, 1952.

(Signed) P. S. ROSS & SONS,  
Chartered Accountants.



## STATUTORY INFORMATION

(a) The full name of the Company is Irving Oil Company, Limited, and the address of its head office is 71 Dock Street, Saint John, N.B., Canada.

Irving Oil Company, Limited (hereinafter referred to as the "Company") was incorporated under The Companies Act of Canada by Letters Patent dated February 9, 1929. Supplementary Letters Patent were issued to the Company under date of March 26, 1930 and December 6, 1941.

(b) The following are the names in full, present occupations and home addresses respectively of the Directors and Officers of the Company:—

### Directors

Kenneth Colin Irving.....	President and Managing Director, Irving Oil Company, Limited.....	197 Mount Pleasant Ave., Saint John, N.B.
Francis James Brennan.....	President, F. J. Brennan & Company Limited.....	33 Seely Street, Saint John, N.B.
Edgar Charles Hodgins.....	Secretary-Treasurer, Irving Oil Company, Limited.....	East Riverside, N.B.
Kenneth Burton Reed.....	Operations Manager, Irving Oil Company, Limited.....	297 Douglas Ave., Saint John, N.B.

### Officers

Kenneth Colin Irving.....	President and Managing-Director.....	197 Mount Pleasant Ave., Saint John, N.B.
Francis James Brennan.....	Vice-President.....	33 Seely Street, Saint John, N.B.
Edgar Charles Hodgins.....	Secretary-Treasurer.....	East Riverside, N.B.

(c) The general nature of the business actually transacted by the Company is the wholesale and retail distribution of petroleum and allied products.

The name and address of the auditors of the Company is P. S. Ross & Sons, Brunswick Building, Saint John, N.B.

The Registrar and Transfer Agent for the Common Shares of the Company is The Eastern Trust Company, in the City of Saint John, N.B.

Registers and/or transfer agencies for the transfer of the Company's 5¼% Sinking Fund Debentures, Series A, offered by this prospectus will be maintained at the offices of The Eastern Trust Company in the Cities of Toronto, Ontario, Montreal, P.Q. and Saint John, N.B.

(d) The particulars of the share capital authorized, issued and paid up and the number and classes of shares and the par value thereof, if any, are as follows:—

Class of Shares	Number Authorized	Par Value	Number Outstanding and Paid Up	Amount Paid Up Thereon
Common Shares.....	50,000	N.P.V.	46,000	\$323,448.85

Under the Letters Patent incorporating the Company the authorized share capital consisted of the Common Shares referred to above and 10,000 Preferred Shares of the par value of \$50 each. All such Preferred Shares of the Company were issued. On July 29, 1947, the balance of such Preferred Shares not previously purchased or retired through operation of the sinking fund and aggregating 5,526 of such Preferred Shares were called for redemption on October 1, 1947 in accordance with the provisions of such Preferred Shares. Of the 5,526 Preferred Shares so called for redemption all but 27 were presented for redemption and the redemption price thereof paid by the Company. The redemption price payable on the redemption of the 27 Preferred Shares which have not been presented for redemption was and remains deposited by the Company in the Charlotte Street Branch, Saint John, N.B. of The Bank of Nova Scotia. In accordance with the provisions of such Preferred Shares, from and after the date fixed for redemption (unless default shall be made by the Company in making payment of the redemption price set forth in the notice of redemption) all rights of the holder thereof as a shareholder of the Company except the right to receive the redemption price without interest, cease and determine. In these circumstances such Preferred Shares are not treated as outstanding or as part of the authorized share capital of the Company for the purposes of this prospectus.

Each Common Share carries the right to one vote at all meetings of shareholders of the Company and is equal to every other such share.

Any holder of Common Shares without nominal or par value in the capital stock of the Company registered as such on the Common Share Register of the Company may request in prescribed form that, upon delivery up of the share certificate in respect of such Common Shares, the Company do issue share warrants representing such Common Shares to which shall be attached bearer coupons entitling the holder to receive dividends payable on the shares represented by such share warrant as and when declared to be payable by the Board of Directors of the Company. As at January 31, 1952, share warrants representing 42,497 Common Shares in the capital stock of the Company were outstanding.

Share warrants do not entitle the bearer to receive notice of, attend, hold or exercise in respect thereof any of the rights of a shareholder at any general meeting of the Company unless the share warrants shall prior to the holding of any general meeting have been deposited with the Company or a bank or trust company, together with a statement in writing of the name and address of the person so depositing and unless the share warrant shall remain so deposited until after the general meeting or any adjournment thereof shall have been held. Upon such deposit being made the person so depositing is entitled to receive a certificate entitling him to attend and vote either in person or by proxy at a general meeting in the same way as if he were a registered shareholder of the Company in respect of the shares specified in such certificate.

Save in respect of the right of a holder of Common Shares to have share warrants issued representing such Common Shares, no shares of the Company carry conversion or exchange rights.



The bearer of a share warrant may surrender the same to the Secretary or the Transfer Agent of the Company to be cancelled, together with a declaration and request that such person be registered as a shareholder in respect of the shares specified in such share warrant whereupon such person shall be entitled to be entered on the Common Share register of the Company in respect of the shares specified in the share warrant as surrendered.

(e) Except insofar as the holders of share warrants representing Common Shares are entitled to receive certificates for such shares as in paragraph (d) hereof provided, there are no securities of the Company covered by options outstanding and no options in respect of securities of the Company are proposed to be given.

By an Agreement evidenced by an offer dated May 21, 1952 and accepted on May 26, 1952 addressed to the Company by McLeod, Young, Weir & Company Limited and F. J. Brennan & Company Limited, the said last-named parties agreed to purchase the \$6,000,000 principal amount of 5¼% Sinking Fund Debentures, Series A, offered by this prospectus at the cash price of \$95.25 per \$100 principal amount thereof plus accrued interest to the date of delivery thereof on or about June 17, 1952 payable on delivery thereof, the whole upon and subject to the terms and conditions therein contained.

(f) The securities offered by this prospectus consist of the \$6,000,000 principal amount of 5¼% Sinking Fund Debentures, Series A, of the Company referred to in the next preceding paragraph which are to be issued by the Company at the price therein mentioned, payable on delivery thereof in accordance with the provisions of the Agreement referred to therein. The issue price to the public is as mentioned on the face of this prospectus to which reference is hereby expressly made.

The 5¼% Sinking Fund Debentures, Series A, (hereinafter sometimes referred to as the "Series A Debentures") will be dated May 31, 1952, will mature on May 31, 1967, will be redeemable, in whole at any time or in part from time to time whether at the option of the Company at any time prior to maturity or for sinking fund purposes on not less than thirty days' prior notice, at the principal amount thereof plus a premium of 5% thereof if redeemed on or before May 31, 1953 and thereafter at the principal amount thereof plus the said premium reduced by .35 of 1% for each year or fraction thereof elapsed from May 31, 1953 to the date fixed for redemption until May 31, 1966 and thereafter and prior to maturity at the principal amount thereof; in each case with accrued interest to the date fixed for redemption.

The 5¼% Series A Debentures will be issued under a Trust Indenture to be dated as of May 31, 1952 and to be made between the Company and The Eastern Trust Company, as Trustee. In the said Trust Indenture the Company will covenant to establish a sinking fund for the retirement of the Series A Debentures and so long as any of the Series A Debentures are outstanding to pay in to such sinking fund on May 31 in each of the years 1953 to 1966, both inclusive, a fixed annual sinking fund payment of \$400,000. The Company will be entitled at any time to anticipate its sinking fund obligations and to satisfy any of its sinking fund obligations in whole or in part by surrendering to the Trustee at the principal amount thereof, Series A Debentures purchased in the market or by private contract at prices not exceeding the price at which Series A Debentures could then be redeemed plus costs of purchase.

The Series A Debentures will not be secured by any mortgage, hypothec, pledge or charge.

Subject to the conditions, limitations and restrictions to be contained in the Trust Indenture, including those hereinafter mentioned, the Company will be entitled to issue additional debentures thereunder.

The Trust Indenture will contain covenants by the Company in favour of the holders of Series A Debentures and applicable so long as any of the Series A Debentures remain outstanding, substantially as follows:—

- A. Neither the Company nor any subsidiary (as hereinafter defined) will mortgage, hypothecate, charge or pledge any of its assets to secure any moneys, debts, liabilities, bonds, debentures, notes or other obligations without also at such time securing by such mortgage, hypothecation, charge or pledge such of the Series A Debentures as shall then be outstanding so that the same shall be secured equally and rateably with such moneys, debts, liabilities, bonds, debentures, notes or other obligations; provided, however, that this covenant shall not apply in respect of current obligations secured on other than fixed assets and incurred in the ordinary course of business.
- B. The Company will not issue or be or become liable on any funded obligation, unless
  - (a) the consolidated net tangible assets of the Company and its subsidiary companies (after making due provision for minority interests, if any) plus the proceeds of the funded obligations then proposed to be issued shall be at least equal to two and one-half times the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (b) the consolidated net current assets of the Company and its subsidiary companies (after making such provision, if any, for minority interests, as in the opinion of the Company's auditors may be appropriate) plus the proceeds of the funded obligations then proposed to be issued, shall be at least equal to seventy-five per cent (75%) of the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (c) the average annual consolidated net earnings of the Company and its subsidiary companies (after making due provision for minority interests, if any) for the two immediately preceding fiscal years shall have been not less than five times the amount required to meet the annual interest on all funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue; and
  - (d) the aggregate principal amount of the funded obligations of the Company and its subsidiary companies to be outstanding after such additional issue will not exceed Twelve million dollars (\$12,000,000).
- C. The Company will not permit any subsidiary company (as hereinafter defined) to issue (except to the Company or to a wholly-owned subsidiary company) or be or become liable on:
  - (a) any funded obligations;
  - (b) any shares ranking prior to any shares in any such subsidiary held directly or indirectly by the Company or any shares in any such subsidiary whereby the Company's interest therein would be diluted.



- D. The Company will not permit any subsidiary affiliated company (as hereinafter defined) to guarantee or be or become liable on the obligations of any other company except in the ordinary course of the business of such subsidiary affiliated company or to issue any obligations for borrowed money other than unsecured obligations issued on the general credit of such subsidiary affiliated company or obligations secured only by the assets of such subsidiary affiliated company, no part of the principal of or interest on which secured or unsecured obligations is guaranteed by any other person or corporation.
- E. The Company will not issue any additional funded obligations in respect of which it is obliged to set aside or provide funds for retirement in any year prior to May 31, 1967 (by maturities, serial or otherwise, and/or by sinking fund) amounting in the aggregate to more than  $\frac{1}{15}$  of the aggregate principal amount of such additional funded obligations proposed to be issued unless the sinking fund payment for that year for the Series A Debentures is increased so as to aggregate at least the same proportion of the total principal amount of the Series A Debentures certified and delivered as the aggregate of the funds set aside or provided for such purposes in respect of such additional funded obligations in such year bears to the total principal amount of such additional funded obligations certified and delivered.
- F. The Company will not declare or pay any dividends (other than dividends payable in capital stock of the Company) on, or apply any of its property or assets to the purchase, redemption or other retirement of, or set apart any sum for the payment of any dividends on or for the purchase, redemption or other retirement of or make any other distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of the Company unless, immediately after giving effect to such action, the consolidated net current assets of the Company and its subsidiary companies will be not less than seven million dollars (\$7,000,000) or one hundred and fifty per cent (150%) of the funded obligations of the Company and its subsidiaries then outstanding, whichever is the lesser.
- G. The Company will not, nor will it permit any subsidiary company to purchase, or invest in, any shares in the capital stock, or obligations, of, or make any loan or advance to, any company, other than a subsidiary company, if, after the making of such purchase, investment, loan or advance, the aggregate investment of the Company and its subsidiaries in such class of investments would exceed \$4,500,000. Provided, however, that nothing in this section contained shall preclude the Company or a subsidiary company from extending financial assistance to a customer for the purpose of furthering the business of the Company or a subsidiary company.
- H. The aggregate proceeds in excess of two hundred and fifty thousand dollars (\$250,000) per annum received by the Company and its subsidiaries during any fiscal period of the Company, from any sale or other disposition of fixed assets or shares held in any subsidiary company shall be deposited with the Trustee not later than twelve (12) months after the end of such fiscal period of the Company to be used in purchasing Series A Debentures for cancellation or retiring Series A Debentures by call for redemption as to be provided in the Trust Indenture; provided, however, that for the purposes of determining the obligation of the Company and its subsidiaries hereunder there may be deducted from such excess the aggregate cost of additional fixed assets or shares in any other company carrying on a business capable of being conducted so as to benefit the Company or any of its subsidiary companies, acquired or contracted for between the commencement of such fiscal period and the date of such required deposit, if such costs have not been taken into account in determining the obligation of the Company and its subsidiary companies hereunder in respect of any previous fiscal period; and provided further, that the obligation of the Company and its subsidiaries hereunder shall be in addition to the Company's sinking fund obligations.
- I. The Company will not, nor will it permit any subsidiary company to sell or otherwise dispose of any funded obligations owing from any subsidiary company or any shares in a subsidiary company except to any wholly-owned subsidiary company or the Company, as the case may be; provided, however, that all shares of capital stock of all classes, together with all funded obligations of any subsidiary company owned by the Company and/or any of its subsidiary companies, may be sold as an entirety for their fair value in cash if the subsidiary whose shares of capital stock and funded obligations are so sold does not own any shares of capital stock or any funded obligations of any other subsidiary company not being simultaneously disposed of.

Provided, however, that nothing hereinbefore contained shall prevent the formation by the Company of a new subsidiary company all the issued capital stock of which is and shall be owned by the Company and/or any wholly-owned subsidiary company or companies and the issue by such new subsidiary company of funded obligations, the proceeds of which will be used to construct an oil refinery.

Provided, further, that nothing hereinbefore contained shall prevent the Company or any subsidiary company from

- (i) issuing funded obligations to refund any secured or unsecured funded obligations permitted to be issued in accordance with the foregoing or any funded obligations now outstanding, in each case, to the extent of the principal amount of the funded obligations being refunded which is outstanding at the time of such refunding, or
- (ii) giving purchase money mortgages on property hereafter acquired to secure up to but not exceeding 66 $\frac{2}{3}$ % of the purchase price thereof, or
- (iii) making pledges or deposits under workmen's compensation laws or similar legislation or good faith deposits in connection with bids, tenders, contracts (other than for the borrowing of money or the repayment of money borrowed) or liens to which the Company or such subsidiary is a party, or deposits to secure public or statutory obligations of the Company or such subsidiary, or deposits of cash or obligations of Canada to secure surety and appeal bonds to which the Company or any subsidiary is a party, or
- (iv) incurring liens imposed by law such as carrier's, warehousemen's and vendor's liens and liens arising out of judgments or awards against the Company or any subsidiary with respect to which the Company or such subsidiary at the time shall currently be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a Stay of Execution pending such appeal or proceedings for review, or
- (v) creating or allowing the existence of liens for property taxes not yet subject to penalties for non-payment or minor survey exceptions or minor encumbrances including rights of way for sewers, electric lines, telegraph and telephone lines and other similar purposes or zoning or other restrictions as to the use of real properties which liens, exceptions, encumbrances, rights of way and restrictions do not in the opinion of the Company in the aggregate materially detract from the



value of the said properties or materially impair their use in the operation of the business of the Company and its subsidiaries.

The Trust Indenture will contain definitions of the following terms for all purposes of the foregoing covenants substantially to the following effect:

- (a) "Subsidiary company" or "subsidiary" means any company other than a subsidiary affiliated company, more than 50% of the capital stock of which having full voting rights in all circumstances is owned or controlled, directly or indirectly, by the Company and shall also mean any company standing in like relation to such a subsidiary but not to any company standing in like relation to a subsidiary affiliated company; provided that such ownership or control carries with it at the time in question the right to elect at least a majority of the directors of such company.

- (b) "Subsidiary affiliated company" means any of the following:

United Sales, Limited  
Universal Sales (N.S.) Limited  
Union Sales, Limited  
Brunswick Motors, Limited  
Terminal Realities, Limited  
Universal Sales, Limited  
Commercial Equipment, Limited  
Canada Veneers, Limited  
U.S.L. Stores Limited

Kent Line, Limited  
Eastern Oil and Service Stations Limited  
Wood Motors, Limited  
Commercial Equipment Inc.  
W. H. Thorne & Company, Limited  
The Chinic Hardware Company  
J. J. Snook, Limited  
Lewis Bros. Limited  
Lewis Bros. Hardware Limited

and includes any company more than 50% of the capital stock of which having full voting rights in all circumstances is owned or controlled, directly or indirectly, by any of the companies hereinbefore named, provided that such ownership or control carries with it at the time in question the right to elect at least a majority of the directors of such company.

- (c) "Consolidated net current assets" means the excess of consolidated current assets over consolidated current liabilities as shown on a consolidated balance sheet of the Company and its subsidiaries prepared in accordance with sound accounting practice.

- (d) "Consolidated current assets" means the aggregate of the following assets as computed from a consolidated balance sheet of the Company and its subsidiaries prepared in accordance with sound accounting practice:

(i) Cash in banks, on hand and in transit;

(ii) Accounts, bills and notes receivable, accrued interest receivable, dividends declared and receivable and rents and royalties receivable less adequate reserves for possible losses in collection thereof;

(iii) Inventories priced on the basis of cost or current fair market value, whichever shall be lower, or a basis resulting in a lesser valuation;

(iv) Shares listed on a recognized stock exchange and bonds and debentures having a recognized public market (other than those issued by the Company and its subsidiaries) valued at cost or market, whichever is the lower;

(v) Such other assets as sound accounting practice would include within the term "current assets" in the case of a company conducting a business the same as or similar to that of the particular company concerned.

- (e) "Consolidated current liabilities" means the aggregate of all indebtedness of the Company and its subsidiaries other than "funded obligations" appearing on a consolidated balance sheet of the Company and its subsidiaries prepared in accordance with sound accounting practice and all other liabilities which would in accordance with sound accounting practice be classified as current liabilities.

- (f) "Consolidated net earnings" means the income of the Company and its subsidiaries computed on a consolidated basis in accordance with sound accounting practice after charging or making provision for all expenses of operation and administration and depreciation and depletion but before charging or making provisions for interest on funded obligations and taxes on income.

- (g) "Funded obligation" as at any particular date means that part of any obligation the due date of payment of the principal amount of which part is twelve months or more after the date of the last audited consolidated balance sheet of the Company and its subsidiaries then available, in the case of an outstanding obligation, or twelve months or more after the proposed date of issue in the case of an obligation proposed to be issued and shall include purchase money mortgages.

- (h) "Current obligation" means any obligation other than a funded obligation.

- (i) "Consolidated net tangible assets" shall mean the total of all assets appearing on a consolidated balance sheet of the Company and its subsidiary companies prepared in accordance with sound accounting practice less the sum of

(i) the amount, if any, at which intangible assets (including but without limitation such items as goodwill, trademarks, trademark rights, tradenames, tradename rights, copyrights, patents, patent rights and licenses) and unamortized debt discount and expense, appear upon the assets side of such consolidated balance sheet;

(ii) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to May 31, 1952, save as hereinafter provided;

(iii) consolidated current liabilities of the Company and its subsidiaries;

provided however, that in computing consolidated net tangible assets the lands, buildings, plant, transportation equipment, machinery and equipment appearing on such consolidated balance sheet may be included at the option of the Company at their replacement values less estimated depreciation (not exceeding in the aggregate the original cost of such assets) according to a report of an independent expert or experts satisfactory to the Trustee less provision for subsequent de-



preciation, if any, at rates satisfactory to the auditors for the period between the date of such independent expert's report and the date of such consolidated balance sheet.

(j) "Obligation" shall mean any obligation for the repayment of borrowed money.

The Trust Indenture will contain provisions for the amendment of its provisions and of the rights of the holders of the Debentures with the prior consent of such holders evidenced by extraordinary resolution, as to be defined therein, or by the written consent of the Debenture holders.

During the two years next preceding the date of this prospectus, the Company has made no offer of securities.

No bonds or debentures, except the Series A Debentures are outstanding or proposed to be issued by the Company and except for obligations now outstanding or issuable within the restrictions to be contained in the Trust Indenture no other securities are issued or proposed to be issued by the Company which, if issued, will rank ahead of or *pari passu* with the Series A Debentures offered by this prospectus.

Except for the Series A Debentures offered by this prospectus no substantial indebtedness is at present proposed to be created or assumed by the Company which is not shown on the consolidated balance sheet of the Company and its wholly-owned subsidiary companies as at January 31, 1952, elsewhere appearing in this prospectus, except as mentioned or referred to in paragraph (g) hereunder.

(g) The specific purposes for which the Series A Debentures offered by this prospectus are to supply funds are to liquidate the bank loan of the Company, which amounted to \$3,830,000 as at January 31, 1952 and to provide cash for the Company's operations. The bank loan of the Company which is to be so liquidated was incurred in the ordinary course of the Company's business and in connection with the acquisition of fixed assets and increased inventories for the extension thereof, particularly in the Province of Quebec. As the Company proposes to continue expanding its petroleum business, a part of the proceeds of the issue of the Series A Debentures offered by this prospectus may also be used to finance future expenditures for this purpose but the nature and extent of such expenditures are not at present determined. Reference is made to paragraphs (m) and (n) hereunder for information as to the capital expenditures made by the Company in connection with the expansion of its business in the Province of Quebec and otherwise.

(h) The aggregate remuneration paid to Directors by the Company during its last financial year ended January 31, 1952 was \$140 and the aggregate remuneration estimated to be payable during the current financial year ending January 31, 1953 is \$160. The amount paid to officers of the Company who were individually entitled to receive remuneration in excess of \$10,000 per annum during the financial year ended January 31, 1952 was \$20,000 and the amount estimated to be payable to officers of the Company who individually may be entitled to receive remuneration in excess of \$10,000 per annum during the financial year ending on January 31, 1953 is \$20,000.

(i) The estimated net proceeds to be derived from the securities offered by this prospectus, on the basis of the same being fully taken up and paid for is \$5,715,000.

(j) No shares are offered by this prospectus.

(k) No amount has been paid within the two years preceding the date of this prospectus or is payable as commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company; but reference is made to paragraph (e) above with respect to the discount on sale of the Series A Debentures of the Company.

(l) The Company has been carrying on business for more than one year.

(m) and (n) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the issue of the Series A Debentures offered by this prospectus except property purchased or acquired or proposed to be purchased or acquired as mentioned in paragraph (g) above. In the course of the recent expansion and proposed continued expansion of the business of the Company additional fixed assets with and through which the Company carries on its business have been and will continue to be acquired from time to time, such as service stations, storage terminals and transportation equipment. In the same connection, and in the ordinary course of the Company's business, the Company has purchased and is in the process of purchasing from day to day large quantities of gasoline, oil, materials, supplies and other property. Such acquisitions and purchases are made from very many different persons in Canada and other countries and the prices of the same are normally paid currently as the same fall due out of the general funds of the Company. However, as part of the proceeds of the Series A Debentures offered by this prospectus will be used by the Company to liquidate bank loans incurred in the above connections in the past and part for the general corporate purposes of the Company, the purchase price of some of the fixed assets, gasoline, oil, materials, supplies and other property, previously paid or presently or hereafter payable, might be considered to be payable or paid in whole or in part indirectly out of such proceeds. Reference is also made to paragraph (s) hereunder.

No property has been purchased or acquired by the Company, the purchase or acquisition of which has not been completed at the date of the issue of this prospectus, except in so far as the Company in the ordinary course of its business operations is always in the process of completing purchases or acquisitions of the type referred to herein.

No property has been purchased within the two years preceding the date of this prospectus or is proposed to be purchased which has been, or is to be, paid for, in whole or in part, in securities of the Company.

The title of the Company to the property and assets so acquired or proposed to be acquired will be freehold or in the nature of freehold, in respect of real or immovable properties and full ownership, in respect of personal or moveable properties.

(o) No securities have been issued or agreed to be issued during the two years prior to the date of this prospectus either as wholly or partly paid up, other than in cash.

(p) The Series A Debentures will not be secured on any property of the Company.

(q) No services have been rendered or are proposed to be rendered to the Company which have been within the last two preceding years or are to be paid for by securities of the Company or which are proposed to be paid for out of the proceeds of the sale of the Debentures offered by this prospectus except to the extent that fees for professional services of legal advisors, auditors, engineers and other experts are incurred from time to time by the Company in the ordinary course of its business operations and in connection with the issue of the Debentures offered by this prospectus.



(r) No amount has been paid within the two years preceding the date of this prospectus or is intended to be paid to any promoter.

(s) The Company has not entered into any material contracts within the two years next preceding the date of this prospectus otherwise than in the ordinary course of business except the agreement hereinbefore referred to in paragraph (e) hereof. A copy of the agreement between the Company and McLeod, Young, Weir & Company Limited and F. J. Brennan & Company Limited referred to in paragraph (e) hereof and of the Trust Indenture referred to in paragraph (f) hereof when prepared may be inspected at the office of the Company, 71 Dock Street, Saint John, N.B. and will be available for inspection during the period of primary distribution of the Debentures offered by this prospectus at any time during ordinary business during the said period.

During the two years next preceding the date of this prospectus, the Company and its wholly-owned subsidiaries have expended in excess of \$5,000,000 for ordinary capital expenditures and in connection with the expansion of its business, of which amount approximately \$2,500,000 was expended in connection with the expansion of the Company's business in the Province of Quebec. In the course of making such capital expenditures the Company gave many purchase orders and made many contracts too numerous to list and all of which orders and contracts the Company considers to have been given or entered into in the ordinary course of the business carried on by the Company.

(t) The by-laws of the Company provide as follows for the remuneration of the Directors of the Company:—

"The remuneration to be paid the Directors shall be Five Dollars (\$5) a meeting and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the Board of Directors. The Directors may also by resolution award special remuneration to any Director undertaking any special services on the Company's behalf other than the routine work ordinarily required of a Director by the Company and the confirmation of any such resolution or resolutions by the shareholders shall not be required; provided that nothing herein contained shall be construed to preclude any Director from serving the Company in any other capacity than as a Director and receiving compensation therefor."

(u) No Director of the Company was interested in any property acquired by the Company within the two years preceding the date of this prospectus or is interested in any property at present proposed to be acquired by the Company.

(v) No part of the consideration received by the Company for the issue of the Common Shares without nominal or par value in its capital stock has been set aside as distributable surplus.

(w) The Company has been carrying on business for more than three years.

(x) No shares are offered by this prospectus.

(y) On May 21, 1952 Les Petroles Inc. purchased for cancellation 10,000 5% Non-Cumulative Preference Shares of the par value of \$1 each in its capital stock at the price of \$10,000. As a result of this purchase, Les Petroles Inc. became a wholly-owned subsidiary of the Company.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than in the financial statements or reports where required.

Toronto, Ontario, Canada, May 26th, 1952.

#### Directors

(Signed) K. C. IRVING

(Signed) E. C. HODGINS

F. J. BRENNAN, by his agent,  
(Signed) K. C. IRVING

K. B. REED, by his agent,  
(Signed) K. C. IRVING

#### Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act, (Ontario), and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

Names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of said Underwriters respectively.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

by (Signed) J. H. RATCLIFFE

D. I. McLeod, W. E. Young, J. G. Weir, J. H. Ratcliffe, W. H. R. Jarvis, H. S. Backus, R. A. Jarvis and F. O. Evans.

F. J. BRENNAN & COMPANY, LIMITED

F. J. Brennan

by (Signed) C. L. PETERS